

PRESS RELEASE

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Shri Randeep Singh Surjewala, Media Incharge, All India Congress Committee, has issued the following statement to the press today:-

Only yesterday, the Congress Party presented its report on the “Real State of the Economy 2017”. Downwards spiral predicted for the economy stands vindicated by the BJP government’s Economic Survey released by the Chief Economic Adviser today. Indian economy is in doldrums and a downwards trajectory on account of massive mismanagement and misdirected experimentation of Modi Government.

Lack of financial acumen and understanding of Indian economy’s strength and fault lines by Prime Minister, Shri Narendra Modi and his team has led to the sorry state reflected in ‘Economic Survey’ of falling exports, vanishing jobs, reduction in credit growth, depleting capital formation and massive downslide in demands and corporate sales. Clearly, Modi government is unable to inspire confidence in the private sector to borrow, invest, expand and grow. ‘Demonetisation’ has crushed India’s economy wiping away the huge domestic demand and capacity of the common man to purchase and consume. Clearly, the Economic Survey proves that Modi government is clueless in finding a short or long term solution to these yawning problems faced by India’s economy.

Disaster of Demonetisation has stunted India’s GDP Growth

The Economic Survey has lowered GDP growth forecasts to 6.75% by admitting that there may be a further downside due to demonetisation. The monumental blunder of demonetisation has struck a decisive blow on India’s growth prospects, causing a massive loss to the economy of at least Rs.1.5 lakh crore in the interim, which is what a 1% reduction in annual growth is worth. The human cost, in terms of lost income, livelihoods and opportunities is much higher. **Is PM Modi not responsible for this devastating loss of lives, income and GDP?**

The Economic Survey seeks to submit an apology by speculating on the “possible benefits” of demonetisation. This falsehood is exposed by the very fact that it omits demonetisation from the list of the Modi government’s economic successes. Just like when demonetisation was proved a human and economic disaster, PM Modi shifted the goalpost to a cashless economy; the Economic Survey preposterously states that the aim of demonetisation was to lower real estate prices!

From an incompetent Modi government and its clueless economic managers, we learn a new revelation every day. While Modi government has utterly failed in creating new jobs, it goes about damaging the construction sector, which employs over 40 million workers, most of whom are migrants from the farm sector, who have returned dispirited to the villages. Despite over 60% spurt in MGNREGA demand post-demonetisation, 19 States have a negative balance on MGNREGA funds as Central government has failed them on this count too.

The Chief Economic Adviser was ‘missing in action’ when the demonetisation decision was taken and had not been heard from since. Today, the Chief Economic Adviser was unable to explain the past nor the future of possibly one of the most significant economic decisions in independent India. **This tells us volumes about the nature of policy making or absence thereof in the Modi government.**

Issues Raised, Issues Ducked & Skirted

Throughout, the Chief Economic Adviser ducked and skirted evaluating the government's own programmes and schemes. For example, on the crucial issue of Urban Policy and delivery of services, he provided an academic assessment of the challenges than practical solutions. He completely skirted evaluating or stating as to how Modi government has addressed these challenges. He lamely reproduced the mission statement of the Smart Cities Mission and AMRUT, without offering any opinion. Clear inference is that even Chief Economic Advisor feels that such programmes have delivered little beyond the rhetoric.

Looting the Reserve Bank of India?

Not satisfied with demolishing the autonomy and credibility of the Reserve Bank of India, it appears that the government will now go after its capital. In a section on "Excess Capital with the RBI," on page 99, the Economic Survey makes a renewed case for the RBI transferring Rs.4 lakh crore to the government. It suggests that this be used either to address NPAs and stressed assets or to retire a portion of the national debt. **This shows how the government continues to be a "suit-boot" Sarkar as it tries to salvage the NPAs of its corporate cronies using public money. This is the real intent of PM Modi which stands exposed.**

Congress Party painstakingly places before the Nation that this is not the supposed windfall that was expected from the RBI after demonetisation but one, which did not materialize. This is the RBI's capital, which it deploys to stabilize the rupee as also our economy. Through the Economic Survey, Modi government is seeking 'intellectual cover' for its sinister design to utilize RBI's capital to bail out a handful of crony capitalists from the NPA mess. **A desperate Modi Government continues to present a clear and present danger to one of India's hitherto most respected regulatory institutions.**

Policy Paralysis and Directionlessness mars Modi Government

Overall, the Economic Survey makes clear that the bonanza from low crude oil prices is over and the government's luck is running out. As oil prices rise, there may be little fiscal space for significant government investment. With no private investment, and limited government investment, it will be a herculean task for the economy to revive. We await tomorrow's budget with tremendous worry for the financial future of our nation. Our worst fears have been confirmed by today's Economic Survey.